

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 4230

(SENATE AUTHORS: MOHAMED)

DATE
02/26/2024

D-PG

Introduction and first reading
Referred to Jobs and Economic Development

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to economic development; appropriating money for the GroundBreak
1.3 capital access fund; requiring a report.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **GROUNDBREAK CAPITAL ACCESS FUND; APPROPRIATION.**

1.6 Subdivision 1. **Appropriation.** \$70,000,000 in fiscal year 2025 is appropriated from
1.7 the general fund to the commissioner of employment and economic development for a grant
1.8 to the Minneapolis Foundation for the GroundBreak capital access fund program to improve
1.9 access to capital for entrepreneurs and commercial developers of color, focusing particularly
1.10 on Black wealth builders. The Minneapolis Foundation must secure matching funds prior
1.11 to the release of state funds appropriated under this section.

1.12 Subd. 2. **Use of money.** Money may be used for forgivable loans, low-cost loans, loan
1.13 guarantees, or equity enhancements. Distribution of money shall occur through approved
1.14 partners, including nonprofit organizations and Community Development Financial
1.15 Institutions (CDFIs) meeting the GroundBreak program criteria and priorities.

1.16 Subd. 3. **Criteria and procedures.** (a) The Minneapolis Foundation and GroundBreak
1.17 partners shall establish criteria, procedures, and requirements for determining eligibility,
1.18 evaluating funding applications, and administering the program.

1.19 (b) The Minneapolis Foundation shall submit the developed criteria, procedures, and
1.20 requirements to the commissioner of employment and economic development for review
1.21 and approval.

2.1 Subd. 4. **Eligibility requirements.** (a) To qualify for funding from the GroundBreak
2.2 capital access fund, an applicant must:

2.3 (1) be a resident of Minnesota;

2.4 (2) submit a business plan for consideration and:

2.5 (i) have no revenue or less than a year of revenue for a forgivable start-up loan;

2.6 (ii) have over a year of revenue for an early-stage business loan with a guarantee; or

2.7 (iii) have over two years of revenue for a growth-stage business loan with a guarantee;

2.8 and

2.9 (b) Neighborhood commercial developments under \$15,000,000 may qualify for:

2.10 (1) equity enhancements up to two percent of the project cost or \$250,000 maximum;

2.11 (2) commercial mortgage loans with a guarantee for the first 60 percent of total project
2.12 costs; and

2.13 (3) a low-cost loan to provide junior debt for up to 35 percent of total project costs.

2.14 Subd. 5. **Program administration.** (a) The Minneapolis Foundation shall establish
2.15 appropriate accounting practices for the purpose of tracking loans, equity investments, and
2.16 loan repayments for reinvestment into the program.

2.17 (b) Interest rates on loans shall not exceed the prime rate published by the Wall Street
2.18 Journal.

2.19 Subd. 6. **Reporting requirements.** (a) By February 15, 2025, and annually until February
2.20 15, 2027, the Minneapolis Foundation shall submit a report to the chairs and ranking minority
2.21 members of the legislative committees with jurisdiction over jobs and economic development
2.22 on the use of grant money and program outcomes. This report shall include the following:

2.23 (1) the number of businesses to which a loan or equity investment was made;

2.24 (2) a description of businesses supported by the program;

2.25 (3) demographic information as specified by the commissioner regarding each recipient;

2.26 (4) an account of loans and equity investments made during the calendar year; and

2.27 (5) the program's impact on job creation and retention.

2.28 (b) The Minneapolis Foundation must establish and maintain a public website reporting
2.29 on the use of money and any relevant performance measures. Up to three percent of money
2.30 can be used by the Minneapolis Foundation for administration and monitoring of the program.

- 3.1 (c) By February 15, 2026, the Minneapolis Foundation must complete an independent
- 3.2 audit of the use of money under this section in accordance with standard accounting practices.
- 3.3 (d) This is a onetime appropriation and is available until June 30, 2026.